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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

March 30, 2011

Jed Robinson
AGR Minerals, Inc.
160 West Canyon Crest Road
Alpine, Utah 84004

Subject: Initial Review of Notice of Intention to Commence Large Mining Operations, Anasazi Gold Reserves, Inc., Highland Mist Mine, M/021/0043, Iron County, Utah

Dear Mr. Robinson:

The Division of Oil, Gas and Mining (Division) has completed a review of your Notice of Intention to Commence Large Mining Operations (NOI) for the Highland Mist Mine. The attached comments will need to be addressed before tentative approval may be granted.

The comments are listed under the applicable Minerals Rule heading; please format your response in a similar fashion. Please address only those items requested in the attached technical review by sending replacement pages of the original mining notice using **redline and strikeout** text. After the notice is determined technically complete and we are prepared to issue final approval, we will ask that you send us two clean copies of the complete and corrected plan. Upon final approval of the permit, we will return one copy stamped "approved" for your records.

The Division will suspend further review of the NOI until your response to this letter is received. If you have any questions in this regard please contact me at 801-538-5261 or Lynn Kunzler at 801-538-5310. Thank you for your cooperation in completing this permitting action.

Sincerely,

Paul B. Baker
Minerals Program Manager

PBB:lk:eb

Attachment: Review

cc: Ed Ginouves, BLM
Will Stokes, SITLA

Jay Gatten, 447 North 300 West, Ste. 3, Kaysville, UT 84037

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**INITIAL REVIEW OF NOTICE OF INTENTION
TO COMMENCE LARGE MINING OPERATIONS**

**Anasazi Gold Reserves, Inc.
Highland Mist Mine
M/021/0043
March 30, 2011**

General Comments:

Comment #	Sheet/Page/Map/Table #	Comments	Initials	Review Action
1	General	The response to this review should be formatted to easily be incorporated into the Notice of Intention to Commence Large Mining Operations (NOI) previously submitted.		
2	General	Additional comments from the Division can be generated in the future based on submittals received in the future, every attempt should be made by the Operator to submit a complete NOI the first time around.		
3	Intro.	This section identifies a permit area of 586 acres with 9 acres of proposed surface disturbance. Note the permit area is <i>not</i> the lease area. It is the current and proposed disturbed areas that will be bonded. Currently there are about 10.5 acres of disturbance at the site (estimated from aerial photos) This will need to be verified (ground truthed). This does not include the proposed expansion discussed in the NOI.	lk	
4	General	The 2011 Utah Legislator made changes to the Utah Mined Land Reclamation Act that will go into effect about May 10, 2011. This change in the Act will allow small mining operations in unincorporated areas of Utah to expand to 10 acres (provided the surety amount is appropriately adjusted) and still maintain a small mining operation status. It would be to your advantage to reclaim areas not needed for your operation to stay under this new 10-acre limit.	lk	

R647-4-103 – Notice of Intent to Begin Mining Operations

General Map Comments

Comment #	Sheet/Page/Map/Table #	Comments	Initials	Review Action
5	Page 2	This section misidentifies the rule for variance as R647-4-111. The variance rules are under R647-4-112. Please correct.	lk	

R647-4-104 - Operator's, Surface and Mineral Ownership

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Comment #	Sheet/Page/Map/Table #	Comments	Initials	Review Action
6	Page 3	According to the Division of Corporations, Shumway, Van & Hansen, CHTD is the registered agent, not O. Jay Gatten. Please correct.	lk	
7	Page 4	The description of the location of your operation appears to be the lease description. Please provide the legal description of the location of your operations to the nearest quarter quarter section. Include the portion of Section 25 that was also disturbed.	lk	
8	Page 4	Since a portion of the disturbance is actually on lands administered by the BLM, the BLM needs to be listed as a surface and mineral owner. Include the address for the BLM field office that administers this area. Since item 6 also identifies private (fee) surface ownership, please provide the name and address of the private (fee) owner(s)	lk	
9	Page 2	The permit area is listed as 586 acres. The permit area is only that area where mining is permitted and bonded.	whw	

R647-4-105 - Maps, Drawings & Photographs

General Map Comments

Comment #	Sheet/Page/Map/Table #	Comments	Initials	Review Action
10	Appendix 1	Please show on a map the location of the photo points and directions of the photos.	lk	
11	Appendix 1	The photos show locations of the mining pits, and are identified as 'Garfield County Pit' and 'Iron County Pit'. This is the only place in the NOI where these names are used. Please be consistent with your naming convention, making sure that all text, maps, photos, etc. use the same names.	lk	

105.1 - Topographic base map, boundaries, pre-act disturbance

Comment #	Sheet/Page/Map/Table #	Comments	Initials	Review Action
12	Figures 1, 4, 5	Figures 1, 4 and 5 show the Highland Mist Mine Permit Area as 586 Acres. This is actually the lease boundary for the SITLA mineral, not the permit area. These maps should also show the area in Section 25 that has been disturbed by this operation that is on BLM-administered property. Since the area is not actually being 'mined,' a surface right of way or other similar lease should be obtained to use this area. Figure 4 shows the current disturbed area, and Figure 5 shows the proposed disturbed area (although these maps do not include all of the current disturbances associated with this operation). The total disturbed area is in excess of 9 acres. On Figure 1 please label the 586 acres as area rather than permitted area. Please include a map showing the full extent of the permit area.	whw & lk	

Comment #	Sheet/Page/Map/Table #	Comments	Initials	Review Action
13		Please include a detailed topographic map at a scale of 1 inch equal 200 feet that shows the existing topography. Figure 4 shows the existing surface conditions and is at a scale of one inch equals 500 feet. The map appears to be from a USGS topographic map which has a scale of one inch equals 2000 feet. A USGS topographic map does not provide enough detail for the Division to make determinations. Please provide a detailed topographic map (scale one inch equals 200 feet). The contour intervals are 20 feet which is insufficient for the Division to make determinations. Please have contours at five-foot intervals.	whw	
14		Please provide cross sections for the areas to be mined. The Division needs cross sections to evaluate the project.	whw	

105.2 - Surface facilities map

Comment #	Sheet/Page/Map/Table #	Comments	Initials	Review Action
15		Please provide a map at a scale of one inch equals 200 feet with contour intervals at five feet. This map needs to show all facilities associated with the operation, include the locations of actual mining, pads, processing areas, stockpile areas for soils, overburden, waste materials, ore, roads, fuel storage, explosives storage, sediment control structures (i.e. the sediment pond identified in the Storm Water Management Plan), etc.	whw & lk	
16	Figure 8	The disturbances are not correctly located on this map, possibly because it is at a different scale. Please correct.	lk	

105.3 - Drawings or Cross Sections (slopes, roads, pads, etc.)

Comment #	Sheet/Page/Map/Table #	Comments	Initials	Review Action
17		Please provide cross sections for all highwalls and other strategic locations at a scale of one inch equals 200 feet. Provide a profile and typical cross sections of the pit access road.	whw	

105.4 - Photographs

Comment #	Sheet/Page/Map/Table #	Comments	Initials	Review Action
18	Appendix 1	The photographs need to be clearly marked as to the location, orientation and the date that the pictures were taken.	lk	
19	Appendix 1	The photos show locations of the mining pits, and are identified as 'Garfield County Pit' and 'Iron County Pit'. This is the only place in the NOI that these names are used. Please be consistent with the naming convention, making sure all text, maps, photos, etc. use the same names throughout the NOI.	lk	

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R647-4-106 - Operation Plan

106.3 - Estimated acreages disturbed, reclaimed, annually

Comment #	Sheet/Page/Map/Table #	Comments	Initials	Review Action
20	Page 7 Figure 5	The current disturbance shown on Figure 5 and the estimated acreage do not include all of the current disturbance associated with this operation. Please include acreage calculations for all current disturbed areas as well as any proposed expansion.	lk	

106.5 - Existing soil types, location, amount

Comment #	Sheet/Page/Map/Table #	Comments	Initials	Review Action
21	Page 10	At just six inches (minimum of growth medium) there should be over 7,200 yds ³ of soil material; at the average of nine inches, there would be over 10,900 yds ³ , not the 3000 yds ³ reported. Please correct.	lk	
22	Figures 4 & 5	The plant growth medium stock pile is the same size for both the existing disturbance as well as the proposed additional two acres. Where will the approximately 1600-3200 yds ³ be placed? It is questioned if the existing stockpile even contains the reported 3000 yds ³ that currently exists. Please show all plant growth medium stockpiles on a soils map, and include the dimensions of each pile (length, width and height). Note topsoil piles should not exceed 10 feet in height.	lk	

106.6 - Plan for protecting & re-depositing soils

Comment #	Sheet/Page/Map/Table #	Comments	Initials	Review Action
23	Page 10	This section says soil can be salvaged from only four acres at an average depth of six to twelve inches. This will generate between 3,200 and 6,400 yds ³ , not 3,000 yds ³ as identified. The text in this section also needs to be corrected to say that 'all of the salvaged growth medium will be used for reclamation,' not 'most'.	lk	
24	Page 10	Topsoil or plant growth medium needs to be salvaged and stockpiled from all areas that will be impacted or disturbed by the operations. This includes areas of actual mining, stockpile areas, pads or other processing areas, roads, and equipment storage. A minimum of 12 inches needs to be salvaged and stockpiled from the alluvial areas. If there are excess soils, they should also be salvaged to make up the shortages that may exist on the mined areas.	lk	
25	Page 15	Please describe all practices that will be used to protect topsoil (growth medium) stockpiles. Methods may include a combination of signing, berms, and seeding. Provide the seed mix and rate that has been used in the past, and if appropriate, will be used for future stockpiles. Note, the Division does not 'dictate' seed mixes for soil protection but may approve proposed mixes or make recommendations. Please remove or modify the comment in Section 109.3 indicating a Division-dictated seed mix will be used.	lk	

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106.7 - Existing vegetation - species and amount

Comment #	Sheet/Page/Map/Table #	Comments	Initials	Review Action
26	Page 11	Please provide the results of a vegetation survey identifying the percent vegetation ground cover and the species present for each major vegetation community that has been or will be disturbed by the mining operations. This survey should be conducted by a qualified biologist and include a map showing the locations of each vegetation community type.	lk	

106.8 - Depth to groundwater, extent of overburden, geology

Comment #	Sheet/Page/Map/Table #	Comments	Initials	Review Action
27	Page 11	The Geology Map (Figure 7) shows faulting in the area. Please correct the statement that there are no faults mapped in the area.	lk	

106.9 - Location & size of ore, waste, tailings, ponds

Comment #	Sheet/Page/Map/Table #	Comments	Initials	Review Action
28	Page 11	With current and proposed disturbance, there will be more than nine acres of disturbance. Please correct the statement that there will only be about nine acres total disturbance	lk	
29	Page 11	Since discussions regarding runoff and storm events are discussed in this section. Please reference the Storm Water Pollution Prevention Plan (SWPPP) in this section as well. Show the locations of the water control structures identified in the Storm Water Management Plan	tm	
30	Page 12, figures 4, 5	Maps do not show location or size of overburden stockpiles. Please provide this information.	lk	

R647-4-108 - Hole Plugging Requirements

Comment #	Sheet/Page/Map/Table #	Comments	Initials	Review Action
31	Page 12	Surface plugging of drill holes as discussed in this section is acceptable for holes that do not encounter water, but drill holes that encounter water (whether or not there is artesian flow) must have the water zone sealed as required by regulation. Please correct this section to show proper hole plugging plans.	tm	
32	Page 13	Monitoring wells will need to be properly plugged when no longer needed. Before artesian drill holes can be converted to producing wells for the land owner, he must also demonstrate that he has obtained the necessary water rights from the State Engineer.	tm	

R647-4-109 - Impact Assessment

109 – General comments

Comment #	Sheet/Page/Map/Table #	Comments	Initials	Review Action
33	Appendix 4	The Division needs cultural resource surveys of the entire proposed disturbed area to determine whether significant cultural resources are likely to be affected. A cultural resource survey was conducted on portions of the permit area in 2005 <u>for</u> SITLA (not by SITLA). Apparently, only four acres were surveyed, three acres on the pit in Iron County (lower pit by stockpile area) and one acre on the upper pit. Although no cultural resources were identified in this survey, less than half of the proposed (and currently disturbed) area was surveyed for cultural resources. It also appears that the proposed expansion of the pits is on areas not included in the survey. Therefore, it is necessary for a new survey to be conducted or for the plan to include results of a previous survey that included the expansion area. It is recommended that the new survey include a buffer area around the current disturbance to allow for reasonable expansion of the mine. At the proposed mining rate, there will be even more acreage disturbed than what is identified on the maps. Note, this survey will be needed regardless of whether this site will qualify for the expanded acreage of small mining operation (less than 10 acres of disturbance).	lk	

109.2 - Impacts to threatened & endangered wildlife/habitat

Comment #	Sheet/Page/Map/Table #	Comments	Initials	Review Action
34	Page 14	Disturbed acreage needs to be corrected in this section as well. In 2009, a GPS survey identified over nine acres of disturbance.	lk	

109.3 - Impacts on existing soils resources

Comment #	Sheet/Page/Map/Table #	Comments	Initials	Review Action
35	Page 15	Please refer to sections 106.5 and 106.6 for discussions regarding the volumes of soil materials that would be impacted by this operation. This section also appears to discuss mitigation for soil resources. Plans need to be specific, identifying volumes, amendments, rates of application, etc., to mitigate soil impacts and have a suitable growth medium available for reclamation.	lk	

109.4 - Slope stability, erosion control, air quality, safety

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Comment #	Sheet/Page/Map/Table #	Comments	Initials	Review Action
36	Page 16	Several of the items listed under public health and safety were not observed during the last inspection of the site. If these are indeed the plan, then they need to be implemented as soon as possible.	lk	
37	Page 16	The statement that 'all blasting materials will be stored in accordance with MSHA regulations' indicates that blasting materials will be stored on site. Please show these storage locations.	lk	

R647-4-110 - Reclamation Plan

110.2 - Roads, highwalls, slopes, drainages, pits, etc., reclaimed

Comment #	Sheet/Page/Map/Table #	Comments	Initials	Review Action
38		Please provide the Division with a reclamation map at a scale of 1 inch equals 200 feet and contour intervals every five feet. Figure 8 does not show the reclaimed topography; rather, the existing topography with reclaimed areas shaded.	whw	
39		Please show all roads that will be reclaimed and those roads the will be retained as part of the postmining land use.	whw	
40	Page 18	Roads should be graded to blend into natural topography. On steeper hillsides, this would require the use of a trackhoe or similar equipment. The surface should be left in a roughened condition. Ripping, if required, should be done on the contour. Roads on flat or gentle slopes may be ripped to eliminate compaction. Roads should not be graded to slope into the cut. This will create a channel and increase erosion potential.		
41	Page 19	At what depth will growth medium be spread on the waste dump areas?	lk	

110.3 - Description of facilities to be left (post mining use)

Comment #	Sheet/Page/Map/Table #	Comments	Initials	Review Action
42	Page 20	(Refer to comments under 109.4) Statements on this page indicate that there will be no permanent or temporary facilities. Will there be explosives storage facilities?	lk	

110.5 - Revegetation planting program

Comment #	Sheet/Page/Map/Table #	Comments	Initials	Review Action
43	Page 21	At what depth will the growth medium be replaced?	lk	
44	Page 21	The depth of ripping in this section conflicts with commitments made in section 110.2. Please correct to show that road areas will be ripped to 24 inches.	lk	

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Comment #	Sheet/Page/Map/Table #	Comments	Initials	Review Action
45	Omitted	A detailed revegetation plan is needed. At a minimum, this plan needs to include topsoil replacement (including depth of replacement), soil amendments and fertilizers (types and rates) if needed (and how the need will be determined), species to be used for seeding/planting (the mix needs to include a minimum of 3-4 different grasses, forbs and shrubs, identifying the species by common and scientific name, and the seeding rate in terms of pounds of pure live seed per acre), seeding and planting methodology, timing (late fall is best time to seed), and weed control. Species selection for revegetation needs to be based on the vegetation survey and the proposed post mining land use needs.	lk	

R647-4-113 – Surety

Comment #	Sheet/Page/Map/Table #	Comments	Initials	Review Action
46		Please use 2011 unit costs from Means.	whw	
47		Please provide support calculations for the amount of material that will be graded at reclamation.	whw	
48		For grading please use a Means unit cost. 31 23 16 32 2830 is for ripping, not for grading.	whw	
49		Please change the heading from Dragon Mine to Highland Mist Mine	whw	
50		Please include the cost to transport and place the topsoil. Topsoil placement is not included in the revegetation costs.	whw	
51		Include the cost of plugging any monitoring wells.	whw	